

# SENATE BILL 927

R7

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By: **Senators Raskin, Forehand, and Frosh**

Introduced and read first time: February 10, 2012

Assigned to: Rules

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## A BILL ENTITLED

1 AN ACT concerning

2 **Vehicle Laws – Manufacturers, Distributors, and Factory Branches –**  
3 **Retaliation Against Dealers**

4 FOR the purpose of prohibiting a manufacturer, distributor, or factory branch from  
5 retaliating against a certain vehicle dealer because of legislation enacted by the  
6 General Assembly that regulates the franchise relationship; establishing that a  
7 manufacturer, distributor, or factory branch has the burden of proving, under  
8 certain circumstances, that a certain cancellation of, termination of, or failure to  
9 provide a bonus, incentive, or benefit program is not retaliation; and generally  
10 relating to vehicle manufacturers, distributors, and factory branches.

11 BY repealing and reenacting, without amendments,  
12 Article – Transportation  
13 Section 15–201  
14 Annotated Code of Maryland  
15 (2009 Replacement Volume and 2011 Supplement)

16 BY adding to  
17 Article – Transportation  
18 Section 15–207.1  
19 Annotated Code of Maryland  
20 (2009 Replacement Volume and 2011 Supplement)

21 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
22 MARYLAND, That the Laws of Maryland read as follows:

23 **Article – Transportation**

24 15–201.

25 (a) In this subtitle the following words have the meanings indicated.

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (b) "Distributor" means a distributor who is authorized by the manufacturer  
2 or the manufacturer's authorized importer to enter into franchise agreements with  
3 dealers of:

4 (1) New motor vehicles constructed or assembled outside of the United  
5 States; or

6 (2) New two-stage vehicles completed outside of the United States by  
7 a second-stage manufacturer.

8 (c) "Factory branch" means a branch office of a manufacturer from which the  
9 manufacturer:

10 (1) Sells or promotes the sale to dealers in this State of a particular  
11 brand or make of new motor vehicles, or new completed two-stage vehicles;

12 (2) Directs and supervises its representatives in this State; or

13 (3) Supervises or contacts its dealers or prospective dealers in this  
14 State.

15 (d) "License" means a manufacturer's, distributor's, or factory branch's  
16 license issued by the Administration under this subtitle.

17 (e) "Manufacturer" means:

18 (1) A manufacturer of new motor vehicles constructed or assembled in  
19 the United States;

20 (2) A second-stage manufacturer of new two-stage vehicles completed  
21 in the United States; and

22 (3) In the case of trucks, a person engaged in the business of  
23 manufacturing truck component parts.

24 (f) "Second-stage manufacturer" has the meaning stated in § 13-113.2 of  
25 this article.

26 **15-207.1.**

27 **(A) A MANUFACTURER, DISTRIBUTOR, OR FACTORY BRANCH MAY NOT**  
28 **RETALIATE AGAINST A DEALER IN THE STATE BECAUSE OF LEGISLATION**  
29 **PASSED BY THE GENERAL ASSEMBLY AND ENACTED INTO LAW THAT**  
30 **REGULATES THE FRANCHISE RELATIONSHIP.**

1           **(B) IN ANY ACTION ALLEGING RETALIATION UNDER THIS SECTION, A**  
2 **MANUFACTURER, DISTRIBUTOR, OR FACTORY BRANCH HAS THE BURDEN OF**  
3 **PROVING THAT THE CANCELLATION OF, TERMINATION OF, OR FAILURE TO**  
4 **OFFER A BONUS, INCENTIVE, OR BENEFIT PROGRAM TO A DEALER IN THE STATE**  
5 **IS NOT RETALIATION IF THE CANCELLATION, TERMINATION, OR FAILURE**  
6 **OCCURRED AT ANY TIME AFTER THE LEGISLATION DESCRIBED IN SUBSECTION**  
7 **(A) OF THIS SECTION WAS INTRODUCED IN THE GENERAL ASSEMBLY UNTIL 5**  
8 **YEARS AFTER THE LEGISLATION WAS ENACTED.**

9           SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
10 October 1, 2012.